



MEMORANDUM

To: Members of the House Committee on Commerce & Trade

From: Michigan Association of School Boards
Michigan Education Association
Middle Cities Education Association
Michigan Association of School Administrators
Michigan Association of Intermediate School Administrators
AFT Michigan
Michigan Association of Secondary School Principals
Michigan Elementary and Middle School Principals Association

RE: Opposition to Senate Bill 991

Date: December 6, 2016

We write today in opposition to Senate Bill 991 which would exempt the core charge of a recycling fee, deposit or disposal fee for a motor or recreations vehicle part or battery from sales tax because of its negative impact on the School Aid Fund (SAF). As you know, over 70% of the revenue from sales and use taxes is dedicated to the School Aid Fund and this bill would reduce that revenue by an indeterminate amount.

Our concerns are not with the policy but lie in the bigger picture. While this particular bill may seem to be only a small decrease to the SAF, when added to the many other policies passed in recent years, revenue streams to the School Aid Fund continue to be eroded.

Last session seven new laws were signed that totaled more than \$160 million in cuts to SAF revenue and 13 other laws approved that each had an indeterminate negative affect on local property tax and School Aid Fund revenues. Attached is a list of bills approved by House Committees this session that have affected revenue streams for our schools.

We urge you to look very closely at this bill and those similar and the collateral damage they have over time. Our schools will continue to see cuts if the school aid fund does not receive the revenue necessary to support our students and communities.

We ask that you to oppose this bill until the SAF is held harmless by the cuts proposed. If you have any questions, please feel free to contact any of us in the education community listed.

Legislation passed by the **House Committees** since January 2015 that affect the School Aid Fund or local school property tax revenue (does not include bills that had hearings but no votes, or bills passed by the Senate). All figures are based on a Senate or House Fiscal Agency analysis.

Natural Resources:

SB217 (PA107'15) – modify definition of qualified forest to exempt from property tax
Amount of loss unknown

Roads and Economic Development:

SB414 (PA180'15) – allow for roll back of income tax rate
Amount of loss unknown

Tax Policy:

SB81 - eliminate the requirement to pay school operating mills on foreclosed properties
\$15-25 Million loss to SAF

SB106 – exempt veteran fundraising activities from sales tax
Amount of loss unknown

SB171 (PA278'16) - modify effective date of property tax exemption filings for elderly/disabled
Amount of loss unknown

SB232-233 (PA7-8'16) – extend sales tax on difference on auto sales to out of state purchases
Amount of loss unknown

SB369-370 (PA204-205'15) – exempt industrial processing from sales and use tax
Amount of loss unknown

SB618 – personal property tax exemption for data centers
\$14 Million loss to local revenue

SB651-653 (PA260-262'16) – changes to qualified forest tax
Initially reduce, then increase SAF by unknown amounts

HB4018-4019 – eliminate sales and use taxes on prewritten software
\$31-36 Million loss to SAF

HB4124 – pension tax bracket to remain the same upon spouse's death
Amount of loss unknown

HB4173 (PA217'15) – changes to real estate transfer tax exemptions
Amount of loss unknown

HB4580 – allow the revocation of certain property tax abatements
Amount of increase unknown

HB4645 – exempt LLC from property tax adjustment on transfer of ownership
Amount of loss unknown

HB4930 (PA243'15) – property tax pop-up limits for transfers to life estates
Amount of loss unknown

HB4984 (PA151'16) – changes in the collection of the “specific tax” on tax reverted properties
Amount of increase unknown

HB5132-5133 (PA159-160'16) – changes in sales & use tax for direct mail
Amount of loss unknown

HB5824-5825 – exempt county long term care facilities from sales and use tax
Amount of loss unknown

These few bills total a minimal loss to the SAF of \$60 million annually.

16 bills have an unknown negative fiscal impact.

5 bills have an unknown positive fiscal impact.

Updated: Dec 5, 2016